

August 16, 2000

## BACKGROUND INFORMATION

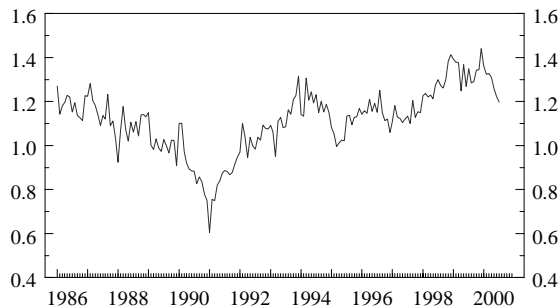
### Housing Starts in July

(Released by the Census Bureau at 8:30 a.m.)

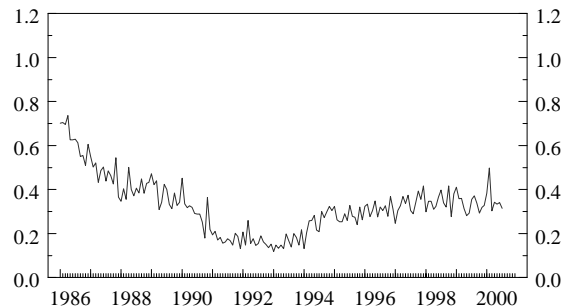
#### The Report

- Housing starts declined 3.3 percent in July, their fourth decrease in the five months since reaching their high for this expansion in February. So far this year, starts have declined 2.1 percent below their year-ago levels, but remain at relatively high level.
- Single-family starts declined 2.0 percent in July to their lowest since December 1997. These starts have been trending down since reaching their high last December. So far this year single-family starts have dropped about 4 percent below their levels of a year ago.
- Multi-family starts, which can be volatile, declined 7.6 percent in July. During the past 3½ years, multi-family starts have fluctuated around an average pace of 342 thousand units. So far this year, multi-family starts have risen about 6 percent above their levels of a year ago.

**Single-family Housing Starts**  
Million units, SAAR



**Multi-family Housing Starts**  
Million units, SAAR



#### The Near-term Outlook

- Tighter credit conditions continue to restrain housing activity. The interest rate on fixed-rate mortgages has exceeded 8 percent so far this year, compared with levels a little below 7 percent in early 1999. The homebuilders' index of prospective buyer traffic improved a little in August but has trended down since the spring of 1999.